

Braley joined 45 other House members to introduce measure late yesterday

Washington, DC - Rep. Bruce Braley (D-Iowa) today voted for H.R. 3631, the "Medicare Premium Fairness Act," a bill that will protect seniors and people with disabilities from unfair increases in their Medicare premiums. The House passed the measure today 406-18.

Braley co-introduced the bill with 45 other members of Congress yesterday.

Normally, Medicare premium increases are offset by cost-of-living increases in Social Security benefits. This year, because of the recession, Social Security benefits are not expected to increase. As a result, certain Medicare beneficiaries may see a disproportionate increase in their Medicare premiums if Congress fails to act.

"A sudden increase in Medicare premiums would place an added burden on seniors, many of whom live on fixed incomes," Braley said. "In these tough economic times, we should protect Iowa's seniors from unfair increases in their healthcare costs. This bill saves seniors from a sudden jump in their Medicare premiums."

Background:

Currently, 42 million seniors and people with disabilities are enrolled in Medicare Part B. The standard Part B premium for 2009 is \$96.40 per month (higher for individuals with incomes over \$85,000 or \$170,000 for couples). By law, the premium is calculated each year to cover approximately 25 percent of the cost of the Medicare program.

Premiums would normally increase to roughly \$103 next year to cover 25 percent of the program's cost. However, a current law "hold harmless" policy ensures that most seniors do not see a decrease in their Social Security checks if the Part B premium increase is projected to be greater than the increase in Social Security. Because of the recession, next year's Social Security cost-of-living adjustment (COLA) may be zero and checks will not increase; the current law "hold harmless" means that Part B premiums will not increase for 2010 for 73 percent of enrollees.

The other 27 percent of enrollees are not held harmless under current law. These include low-income individuals who are eligible for Medicare and Medicaid (18%, or 7.3 million beneficiaries), higher-income Medicare beneficiaries (5%, or 2.1 million beneficiaries), new Medicare enrollees (3% or 1.3 million beneficiaries) and enrollees whose Medicare premiums are not deducted from their Social Security checks (2%, or 850,000 beneficiaries). Because of the way the law is written, premiums for the enrollees who are not currently held harmless would be disproportionately increased to \$110-\$120 per month, unless Congress acts. This is the first time that such an interaction has occurred.

This bill would extend the current hold harmless policy to all Medicare enrollees, meaning that no seniors will see a decrease in their Social Security checks due to Medicare Part B premiums.

CBO estimates the cost of the bill at \$2.8 billion for 2010 and the bill is fully paid for by reducing the Medicare Improvement Fund, a non-controversial set-aside fund in Medicare.

[Source: House Ways and Means Committee]